

## Message Text

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51

ACTION SCI-06

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FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC PRIORITY 6825

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E.O. 11652: N/A

TAGS: TECH, BEXP, FI

SUBJECT: CANCELLATION OF TVO APPOINTMENTS WITH USAEC  
AND EXIM BANK

REF: HELSINKI 2609

1. SUMMARY. FINNISH GOVERNMENT DECISION TO CANCEL  
OR DELAY SCHEDULED APPOINTMENTS OF TEOLLISUUDEN  
VOIMA OY (TVO) OFFICIALS WITH USAEC AND EXIM BANK  
OFFICIALS WAS TO AVOID GIVING SOVIETS ANY EXCUSE FOR PRETEXT  
TO CLAIM FINNS MAY BE CHANGING FINNISH COMMERCIAL POLICY,  
IMMEDIATELY FOLLOWING SIGNING OF FREE TRADE AGREEMENT WITH  
EUROPEAN COMMUNITY ON OCTOBER 5. FINNISH GOVERNMENT DECISION  
APPARENTLY IS NOT RELATED TO ANY NEW PRESSURES FROM SOVIETS  
BUT IN VIEW OF SHORT TIME REMAINING BEFORE END OF YEAR TO  
COMPLETE NEGOTIATIONS WITH USAEC AND EXIM BANK, TVO OFFICIAL  
HAS ASKED IF EXCEPTIONAL TREATMENT COULD BE GRANTED TO DELAY  
COMPLETION OF CONTRACT UNTIL PERHAPS JUNE 1974. AN EARLY RE-  
SPONSETO QUESTION WOULD BE APPRECIATED. END SUMMARY.

2. MINISTER OF INDUSTRY JAN-MAGNUS JANSSON CALLED IN ECONOMIC  
COUSELOR ON URGENT BASIS ON OCTOBER 5 AND AT MEETING SAID  
THAT ALTHOUGH HE WAS UNCERTAIN HOW FAR NEGOTIATIONS BY TVO  
OFFICIALS WITH USAEC FOR URANIUM FUEL SUPPLY HAD GONE, HE FELT  
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THIS MATTER WAS TOO IMPORTANT FOR FINLAND AND GOVERNMENT

MUST THEREFORE BECOME INVOLVED. IN RESPONSE TO QUESTIONS, JANSSON SAID THAT TVO'S SCHEDULED NEGOTIATIONS TO BEGIN ON OCTOBER 29 MUST BE CANCELLED AND THEN ADDED THAT THE CANCELLATION MIGHT BE VIEWED AS A DELAY IN STARTING NEGOTIATIONS. HE ADVERTED TO THE SIGNING OF THE FREE TRADE AGREEMENT WITH THE EUROPEAN COMMUNITY AND INDICATED THAT THE SOVIETS HAVE ALWAYS BEEN SENSITIVE ABOUT CONSTRUCTION OF NUCLEAR ELECTRIC GENERATING PLANTS, WITNESS THE PROBLEM WITH THE FIRST PLANT IN LOVIISA. HE ADDED THAT TVO HAS YET MANY CONDITIONS WHICH MUST BE MET BEFORE IT COULD CONSTRUCT THE PLANT AND EXPRESSED REGRET THAT THE START-UP OF NEGOTIATIONS MUST BE DELAYED. HE ASKED WHETHER USAEC PROVISIONS PERMITTED COMPLETION OF NEGOTIATIONS TO BE DELAYED BEYOND THE END OF THE YEAR AND STILL HAVE INITIAL URANIUM CORE SUPPLY DELIVERED AS NOW PROPOSED. ECONOMIC COUNSELOR RESPONDED THAT HE WAS NOT AWARE OF ANY EXCEPTIONS PERMITTED UNDER USAEC TERMS.

3. IN SUBSEQUENT MEETING WITH TVO BOARD CHAIRMAN BJORN WESTERLUND, ECONOMIC COUNSELOR WAS INFORMED THAT FINNISH GOVERNMENT WAS EXTREMELY SENSITIVE ABOUT THE FUEL SUPPLY NEGOTIATIONS BECAUSE OF POSSIBLE SOVIET REACTIONS TO THESE NEGOTIATIONS SO SOON AFTER THE SIGNING OF THE EC FREE TRADE AGREEMENT. HE SAID THE MINISTER OF INDUSTRY HAD TOLD HIM THAT THERE SHOULD BE "NO OFFICIAL CONTACTS" FOR THE MOMENT ON FUEL SUPPLY. IN RESPONSE TO QUESTIONS HE SAID THAT HE WAS UNAWARE OF ANY NEW SOVIET INITIATIVE BUT THE GOVERNMENT DID NOT WISH TO GIVE THE SOVIETS ANY GROUNDS FOR COMPLAINT ON FINNISH COMMERCIAL POLICY AT THIS TIME. ECONOMIC COUNSELOR SAID THAT TVO IS A PRIVATE FIRM AND TALKS WOULD BE CONFIDENTIAL BUT WESTERLUND COMMENTED THAT THERE ARE GROUPS IN FINLAND WHO COULD RAISE COMMERCIAL POLICY ISSUE. HE ADDED, IN REPLY TO QUESTION, THAT WHEN TVO HAD SOME TALKS WITH THE SOVIETS IN JUNE THE SOVIETS SHOWED NO INTEREST IN SUPPLYING URANIUM FUEL TO TVO. IN ANY CASE, HE SAID THAT HE WOULD LIKE TO ASK WHETHER USAEC COULD DELAY COMPLETION OF NEGOTIATIONS, PERHAPS UNTIL JUNE 1974.

4. INDICATIVE OF FINNISH SENSITIVITY, IN SEPARATE EXCHANGE BETWEEN DCM AND OFFICIAL OF MINISTRY OF TRADE, LATTER INDICATED THAT GOVERNMENT HAD ORDERED ALL IMPORT LICENSE REQUESTS AFFECTING EC TO BE EXAMINED CAREFULLY, IMPLYING THAT SUCH LIMITED OFFICIAL USE

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REQUESTS MIGHT INCREASE BUT THAT APPROVALS SHOULD BE MINIMIZED. THIS IS IN LINE WITH PRESIDENT KEKKONEN'S STATEMENT OF OCTOBER 3 THAT "IN MY VIEW, THE PRESENT AGREEMENT ON TARIFFS WILL SPEED UP THE GOVERNMENTAL MEASURES OF CONTROL, WHICH ARE NECESSARY FOR RESTRAINING THE INFLUENCE OF SUPRANATIONAL ENTERPRISES ON OUR ECONOMY."

5. EMBASSY COMMENTS. IT APPEARS CLEAR THAT FINNISH

GOVERNMENT IS NOT NECESSARILY PLACING A HALT TO TVO NEGOTIATIONS WITH USAEC AND EXIM BANK BUT FEELS THAT POLITICALLY IT IS ESSENTIAL TO REQUEST A DELAY IN THESE TALKS. THE RATIFICATION PROCEDURES IN THE PARLIAMENT FOR THE EC AGREEMENT WILL TAKE AT LEAST SEVERAL WEEKS AND GOVERNMENT MAY NOT GIVE TVO THE GO-AHEAD SIGN TO BEGIN NEGOTIATIONS UNTIL EITHER NEAR END OF THIS YEAR OR BEGINNING OF NEXT YEAR. EMBASSY BELIEVES THAT USAEC SHOULD GRANT A DELAY IN COMPLETION OF URANIUM SUPPLY CONTRACT, IF AT ALL POSSIBLE, NOT ONLY TO BE HELPFUL TO THE FINNISH GOVERNMENT IN ITS TEMPORARY DILEMMA BUT ESPECIALLY BECAUSE THE CONTRACT, IF NEGOTIATED SATISFACTORILY, WILL BE THE FIRST WITH USAEC. EVEN ONE CONTRACT WITH A WESTERN SUPPLIER WOULD MAKE IT POLITICALLY POSSIBLE FOR THE FINNS TO CONSIDER CONCENTRATING THEIR PURCHASES OF NUCLEAR FUELS AND PLANTS IN THE WEST DURING THE 1980'S, A PERIOD FOR WHICH FINLAND HAS DECIDED THAT FUTURE ENERGY NEEDS MUST BE MET THROUGH CONSTRUCTION OF AT LEAST ONE 1,000 MEGAWATT NUCLEAR GENERATING PLANT EVERY OTHER YEAR. AN EARLY RESPONSE TO POSSIBILITIES OF DELAYING CONTRACT COMPLETION DATE WOULD BE APPRECIATED.

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